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25 February 1960

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CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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CENTRAL INTELLIGENCE BULLETIN

25 February 1960

DAILY BRIEF

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II. ASIA-AFRICA

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Japan: Prime Minister Kishi's opponents have succeeded in stalling consideration by the Diet of the United States - Japanese mutual security treaty by raising the controversial question of the Diet's power to revise or amend treaties. The Socialists are being assisted in this maneuver by some faction leaders within Kishi's own party. [While] Kishi expects ultimately to obtain full party support of his view that the Diet must accept or reject a treaty without change, [attempts by Kishi's rivals to make his resignation the price of their support could lead the prime minister to call for a general election.]

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Watch Committee Conclusion: [The following developments are susceptible of direct exploitation by Soviet/Communist hostile action which could jeopardize the security of the US in the immediate future.]

N^D Recent UAR military moves appear to be mainly precautionary against the possibility of hostile Israeli action, either as an aftermath of the recent Israeli-Syrian border clashes, or, more likely, as an Israeli reaction to any sudden change in Iraq involving the UAR. This build-up of UAR forces on the Israeli border heightens the risk of any local incidents reaching more serious proportions.)

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III. THE WEST

West Germany - Spain: [West German statements to US officials since the unfavorable international publicity regarding the military talks between West Germany and Spain on 16-17 February in Madrid tend to play down the importance attached to the talks abroad. Defense Minister Strauss, who has tended to ignore the political implications, is reported incensed by British criticism of his plans to obtain military logistics and training facilities in Spain and is eager to proceed.

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N^D Chancellor Adenauer, however, under heavy pressure from West Germany's NATO partners, will probably postpone further moves at least until after the summit meeting in May.]

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Uruguay: The government may accept a long-standing Soviet oil-for-wool trade proposal but not until the reasons have been explained to President Eisenhower's aides during his visit to Montevideo on 2-3 March. The nine-man Council of Government has not reached final agreement on this but is under pressure to accept as a result of last year's acute trade imbalance and poor exchange receipts so far this year.

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DAILY BRIEF

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Japanese Diet Stalled on Ratification of Security Treaty With US

Prime Minister Kishi's opponents have succeeded in stalling consideration of the United States - Japanese mutual security treaty by raising the question of whether the Diet has power to revise or amend treaties. The Socialists, who lack the necessary votes to defeat ratification, began prolonging debate by starting a dispute over the definition of the "Far East" and now have raised this new point. They apparently hope to uncover an issue which will inflame public opinion against the treaty and the Kishi government.

The Socialists are being assisted in this latest maneuver by some factional leaders within Kishi's Liberal-Democratic party who hope to force his resignation. Influential politician Ichiro Kono has set the line for Kishi's intraparty rivals with his announcement that, while he intends to support ratification of the security pact, he believes the Diet is empowered to amend treaties. At a meeting of Liberal-Democratic leaders on 22 February, Kishi failed to obtain full support for his view that the Diet must accept or reject a treaty without change.

Kishi apparently anticipates that additional meetings will win full party support for his position and he remains confident that the Diet will ultimately ratify the treaty.

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[redacted] he intends to reshuffle his cabinet following President Eisenhower's visit in June. This move would be designed to prepare for general elections in the fall which would, in turn, enable him to win another term as prime minister. Kishi's rivals, however, by their maneuvers to make his resignation the price of their support on the security treaty, could lead him to call for a general election during the present ratification debate.] [redacted]

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III. THE WEST

West German - Spanish Military Talks Held

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Defense Minister Strauss has proceeded with his plans to discuss West German use of Spanish military facilities despite warnings from Bonn's NATO partners that there might be adverse repercussions. On 16-17 February, General Albert Schnez, a West German logistics expert, met in Madrid with members of the Spanish General Staff.

German officials indicate that Madrid, surprised by the extent of their proposal, felt that the plan would require about three months of study. Although the full scope of the talks has not been disclosed, they originally covered not only the acquisition of depots for spare parts, munitions, and fuel but also hospital facilities, aviation-training areas, and West German aid to Spain's armament industry.

The talks had been postponed from mid-January after some of West Germany's allies indicated that by-passing NATO machinery would tend to undermine NATO defense policy and imply that Bonn endorsed a strategy of rear bases behind the Pyrenees. Strauss, who has tended to ignore the political implications, charged that French and British failure to meet German requirements makes military cooperation with Spain essential.

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Uruguay May Accept Soviet Trade Proposal

In view of Uruguay's worsening foreign-exchange position, it may soon accept the USSR's November 1959 offer to increase wool purchases and supply crude oil on a one-year credit basis.

The nine-man Council of Government reportedly is still divided on the advisability of accepting the offer but may do so after explaining Uruguay's financial plight to President Eisenhower during his 2-3 March visit to Montevideo.

The USSR has offered to pay cash for \$25,000,000 worth of wool--almost twice its 1959 purchases and about 30 percent of the value of Uruguay's total wool sales in 1958. In return, Uruguay is to accept \$16,500,000 worth of crude oil, about half its annual requirements. In its November proposal, Moscow offered to maintain the same ratio of trade even if Uruguay buys less oil.

The conservative National party government which took power last March would like to reverse the trend toward greater dependence on Soviet markets, but has found no alternative. During the first six months of 1959, the bloc accounted for about 20 percent of Uruguay's total trade, contrasted with 13 percent in 1958 and 5 percent or less in previous years.

Uruguay's trade deficit for 1959 reached the near-record sum of \$74,700,000 despite continued restrictions on imports. The balance of trade has been favorable in only two of the last six years, and exports have dwindled from over \$250,000,000 in 1953 to about \$84,000,000 in 1959. Hoping to rectify this, the government in December approved a foreign-exchange reform law. Uruguay's wool market--which provides about half the country's foreign exchange--has been virtually paralyzed, however, as exporters have balked at the level of export taxes under the new system. The government has several times indicated it would expect substantial US financial help once it instituted its exchange reform program, and it plans to send a loan mission to Washington within the next few months.

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THE PRESIDENTThe President
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